

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 L-03 ABF-01 STR-07
/074 W

-----070761 032153Z /73

R 021025Z JUN 78
FM AMEMBASSY BERN
TO SECSTATE WASHDC 6366
INFO AMEMBASSY BONN

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EO 11652: N/A
TAGS: PGOV, PDIP, GW, SZ
SUBJ: FED COUNCILOR HONEGGER VISIT TO BONN

1. FED COUNCILOR (COMMERCE, LABOR & AGRICULTURE MINISTER) FRITZ HONEGGER VISITED BONN MAY 29 AT INVITATION FRG MIN ECONOMY LAMSDORFF. BILATERAL AND MULTILATERAL ECONOMIC PROBLEMS DISCUSSED WITH LAMSDORFF AND FINMIN MATTHOFER.
2. MULTILATERAL ISSUES THOSE WHICH WILL BE BEFORE VARIOUS MEETINGS LEADING UP TO BONN SUMMIT INCLUDING EFTA MINISTERIAL CONFERENCE, OECD MINISTERIAL AND EC MEETING. GROWTH, MONETARY PROBLEMS, TRADE RECEIVED MOST ATTENTION.
3. ON GROWTH, GERMANS SAID THEY WILL PROBABLY FALL BELOW 3 PCT. SAID BUDGET DEFICIT ALREADY SO LARGE LITTLE COULD BE DONE IN SHORT RUN TO FURTHER STIMULATE FRG ECONOMY WITHOUT RUNNING RISK UNACCEPTABLE INFLATION RATE. TOLD SWISS US MORE RECEPTIVE THAN FORMERLY TO ARGUMENT THERE LITTLE MORE THEY CAN

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DO.

4. DISCUSSED SCHMIDT PROPOSALS FOR MONETARY UNION, GAVE SWISS IMPRESSION INCREASING NUMBER PRACTICAL DIFFICULTIES WILL PREVENT THIS FROM GOING BEYOND SOME EXPANSION OF SNAKE AND EVEN THERE QUESTION IS WHERE TO FIND CANDIDATES. GERMANS BELIEVE BRITISH

OPPOSE MAKING ANY MOVE UNTIL THERE IS FURTHER
IMPROVEMENT GROWTH RATES. WERE AT PAINS
ASSURE SWISS SCHMIDT MOVES NOT INTENDED
AS CHALLENGE TO DOLLAR OR US.

5. CONCERN EXPRESSED BY GERMANS AND SWISS THAT
MANY TRADE ISSUES NOW UNDER NEGOTIATION IN GENEVA
WOULD BE LEFT FOR SETTLEMENT IN BONN, WHICH BOTH
COUNTRIES BELIEVE IS INAPPROPRIATE PLACE ATTEMPT
DEAL WITH ISSUES OF DETAIL.

6. BILATERAL ISSUES FOCUSED PRIMARILY ON PROBLEMS
RENEGOTIATION DOUBLE-TAXATION TREATY; SWISS HAD
INFORMED GERMANS THEY WOULD BEGIN UNILATERAL DENUN-
CIATION SOME PARTS EXISTING TREATY UNLESS GERMANS
BEGAN SERIOUS NEGOTIATIONS RIGHT AWAY. SWISS WERE
ASSURED GERMANS WOULD DO SO. ALSO DISCUSSED
PROBLEMS SWISS HAVING EXPORTING STEEL TO EC UNDER
EXISTING ARRANGEMENT.

7. ONLY ITEM OF DISAGREEMENT WAS CURRENT EXCHANGE
RATE FOR DOLLAR. GERMANS SAID THEY BELIEVE
CURRENT RATE ABOUT RIGHT, SOMEWHAT TO SWISS DISMAY.
SWISS HELD TO POSITION THAT SF OVER-VALUED.
WARNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, VISITS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BERN02652
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780233-0349
Format: TEL
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197806104/aaaadlnv.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4a6f147d-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2151377
Secure: OPEN
Status: NATIVE
Subject: FED COUNCILOR HONEGGER VISIT TO BONN
TAGS: PGOV, PDIP, GE, SZ, (HONEGGER, FRITZ)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4a6f147d-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014